

**Rush Valley Town**  
**Rush Valley, Utah**

Financial Statements  
with Accountants' Compilation Report  
For the Year Ended June 30, 2006

Ulrich & Associates, PC  
Certified Public Accountants  
Ogden, Utah

## **Rush Valley Town**

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**Ulrich & Associates, PC**  
*Certified Public Accountants*

**ACCOUNTANTS' COMPILATION REPORT**

The Honorable Mayor and Members  
of the Town Council  
Rush Valley Town  
Rush Valley, Utah

We have compiled the accompanying financial statements of the governmental activities and the major fund of Rush Valley Town as of and for the year ended June 30, 2006, which comprise the Town's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information, from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Ulrich & Associates, P.C.*

January 23, 2007

**Rush Valley Town**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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As management of Rush Valley Town, we offer readers of Rush Valley Town's financial statements this narrative overview and analysis of the financial activities of Rush Valley Town for the fiscal year ended June 30, 2006.

Financial Highlights

The total net assets of \$599,292 is made up of \$350,336 in capital assets with no related debt, and other net assets of \$248,956.

Reporting the Town as a Whole

This discussion and analysis is intended to serve as an introduction to Rush Valley Town's basic financial statements. Rush Valley Town's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Rush Valley Town's finances, in a manner similar to a private-sector business.

The statements of net assets presents information on all of Rush Valley Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Rush Valley Town is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

The statement of activities presents information showing how the Town's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Rush Valley Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on the pages following this report.

# **Rush Valley Town**

## **Management's Discussion and Analysis**

**June 30, 2006**

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### **Reporting the Town's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rush Valley Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and proprietary funds. The Town has no proprietary funds.

Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The major governmental fund (as determined by generally accepted accounting principles) is the general fund.

### **Government-wide Financial Analysis**

Net assets, over time, are intended to serve as an indicator of a government's financial position. In the case of Rush Valley Town, assets exceeded liabilities by \$599,292, an increase of \$108,704 over the prior year. By far, the largest portion of Rush Valley Town's net assets is its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.) The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town cannot use these resources to pay liabilities it does keep liabilities to a conservative, low level.

**Rush Valley Town**  
**Management's Discussion and Analysis**  
**June 30, 2006**

**Statement of Net Assets**

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current and other assets	\$ 249,343	212,485
Capital assets	350,336	278,514
Total assets	<u>599,679</u>	<u>490,999</u>
<b>Liabilities</b>		
Other liabilities	<u>387</u>	<u>411</u>
Total liabilities	<u>387</u>	<u>411</u>
<b>Net Assets</b>		
Invested in capital assets, net of debt	350,336	278,514
Restricted	81,957	95,129
Unrestricted	<u>166,999</u>	<u>116,945</u>
Total net assets	<u>\$ 599,292</u>	<u>490,588</u>

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**Rush Valley Town**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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Changes in Net Assets

	Governmental Activities 2006
<b>Revenues</b>	
Program revenues	
Charges for services	\$ 22,467
Operating grants & contributions	114,850
General revenues	
Property taxes	15,609
Other taxes	42,666
Interest income	4,692
<b>Total revenues</b>	<u>200,284</u>
<b>Expenses</b>	
General government	45,790
Public safety	20,287
Highways and streets	16,363
Parks and recreation	7,771
Cemetery	1,369
<b>Total expenses</b>	<u>91,580</u>
<b>Increase (decrease) in net assets</b>	108,704
Net assets, beginning of year	490,588
Net assets, end of year	<u>\$ 599,292</u>

Financial Analysis of Government's Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's ability to fund new projects.

As of June 30, 2006, the Town's general fund reported a fund balance of \$233,958. This represents an increase of \$35,447 (17.9%) over last year's ending balance, which is the excess of revenues over expenditures.

**Rush Valley Town**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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The general fund is the only operating fund of the Town. All activities are accounted for in this fund.

Taxes continue to be the largest source of revenue in the general fund representing 28.5 % of total general fund revenues. The largest element of the tax revenue is sales tax, as has been the case for the last several years. Sales tax comprised 19.5% of total general fund revenues. The other large revenue sources are B&C road monies and grants which make up 19.7% and 24.8% of total general fund revenues, respectively.

In the future, a significant factor of the Town will be that the land donation from the prior year will be developed, thereby providing an increase in the property tax revenue.

**General Fund Budgetary Highlights**

During the current fiscal year the general fund original budget of \$185,948 was amended to \$186,848, a 0.48% increase.

**Capital Asset Administration**

Capital assets - Rush Valley Town's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$73,400 of land, \$31,888 of construction in progress, \$80,000 in buildings, \$87,063 of machinery and equipment and \$77,985 in building improvements. The increase in the Town's investment in fixed assets for the current year was 25.8% (due to new purchases exceeding depreciation expense).

Major capital asset events during the current fiscal year included the following:

\$9,071 for a mower

\$15,922 for protective fire gear.

\$3,724 in improvements on the town building remodel.

\$3,551 in improvements for a new fence

\$31,888 in construction cost associated with a new fire station

\$33,303 for a tractor



**Rush Valley Town**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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Rush Valley Town's Capital Assets

	Governmental Activities 2006
Land	\$ 73,400
Construction in progress	31,888
Buildings	348,156
Improvements	100,908
Machinery and equipment	184,557
Less: Accumulated depreciation	<u>(388,573)</u>
Total	<u>\$ 350,336</u>

Additional information on the Town's capital assets can be found in the footnotes of this report.

## **BASIC FINANCIAL STATEMENTS**

# Rush Valley Town

## Statement of Net Assets

June 30, 2006

	<b>General Fund</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 222,398
Accounts receivable - net	26,945
Capital assets (net of accumulated depreciation)	
Land	73,400
Construction in progress	31,888
Buildings	80,000
Improvements	77,985
Machinery and equipment	87,063
 Total assets	 599,679
<b><u>Liabilities</u></b>	
Accounts payable and accrued liabilities	387
 Total liabilities	 387
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	350,336
Restricted for class C road	81,957
Unrestricted	166,999
 Total net assets	 \$ 599,292

See accompanying notes and accountants' compilation report.

# Rush Valley Town

## Statement of Activities

For the Year Ended June 30, 2006

Function/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 45,790	11,157	49,438	14,805
Public safety	20,287	9,410	26,110	15,233
Highways and streets	16,363	-	39,302	22,939
Parks and recreation	7,771	1,000	-	(6,771)
Cemetery	1,369	900	-	(469)
Total governmental activities	91,580	22,467	114,850	45,737
General revenues				
Property taxes				15,609
General sales and use tax				38,868
Fee in lieu				3,018
Other tax				780
Net interest earnings (expense)				4,692
Total general revenues				62,967
Change in net assets				108,704
Net assets - beginning				490,588
Net assets - ending				\$ 599,292

See accompanying notes and accountants' compilation report.

**Rush Valley Town**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	<u>General Fund</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 222,398
Receivables (net)	
Accounts	11,947
Deferred property tax	<u>14,998</u>
Total assets	<u><u>249,343</u></u>
<b><u>Liabilities and Fund Balances</u></b>	
<b>Liabilities</b>	
Accounts payable	387
Deferred revenue	<u>14,998</u>
Total liabilities	<u>15,385</u>
<b>Fund Balances</b>	
Reserved for	
Class C roads	81,957
Unreserved	<u>152,001</u>
Total fund balances	<u>233,958</u>
Total liabilities and fund balances	<u><u>\$ 249,343</u></u>

See accompanying notes and accountants' compilation report.

**Rush Valley Town**  
**Balance Sheet Reconciliation to Statement of Net Assets**  
**June 30, 2006**

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Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental fund types:	\$ 233,958
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	350,336
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Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds	<u>14,998</u>
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Net assets of government activities	<u><u>\$ 599,292</u></u>
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See accompanying notes and accountants' compilation report.

**Rush Valley Town**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

	General Fund
<b><u>Revenues</u></b>	
Taxes	\$ 56,840
Rents and permits	11,157
Intergovernmental	74,212
Charges for services	1,510
Grants	49,438
Interest	4,692
Miscellaneous revenue	1,000
	<hr/>
Total revenues	198,849
	<hr/>
<b><u>Expenditures</u></b>	
General government	38,640
Public safety	60,194
Highways and streets	52,559
Parks and recreation	7,088
Cemetery	4,921
	<hr/>
Total expenditures	163,402
	<hr/>
Excess revenues over (under) expenditures	35,447
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Fund balances - beginning of year	198,511
	<hr/>
Fund balances - end of year	\$ 233,958
	<hr/> <hr/>

See accompanying notes and accountants' compilation report.

**Rush Valley Town**  
**Statement of Changes Reconciliation to Statement of Activities**  
**For the Year Ended June 30, 2006**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 35,447
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	71,822
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>1,435</u>
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Change in net assets of governmental activities	<u><u>\$ 108,704</u></u>
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See accompanying notes and accountants' compilation report.



**Rush Valley Town**

**Statement of Revenues, Expenditures, and Changes in  
Fund Balances-Budget and Actual  
General Fund  
For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b><u>Revenues</u></b>				
Taxes	\$ 53,800	53,800	56,840	3,040
Rents and permits	4,500	4,500	11,157	6,657
Intergovernmental	73,660	73,660	74,212	552
Charges for services	900	900	1,510	610
Grants	-	-	49,438	49,438
Interest	2,000	2,000	4,692	2,692
Miscellaneous	1,000	1,000	1,000	-
<b>Total revenues</b>	<b>135,860</b>	<b>135,860</b>	<b>198,849</b>	<b>62,989</b>
<b><u>Expenditures</u></b>				
General government	54,781	55,790	38,640	17,150
Public safety	36,110	36,110	60,194	(24,084)
Highways and streets	83,057	77,611	52,559	25,052
Parks and recreation	10,000	12,337	7,088	5,249
Cemetery	2,000	5,000	4,921	79
<b>Total expenditures</b>	<b>185,948</b>	<b>186,848</b>	<b>163,402</b>	<b>23,446</b>
Excess revenues over (under) expenditures	(50,088)	(50,988)	35,447	86,435
Fund balances - beginning of year	198,511	198,511	198,511	-
Fund balances - end of year	<u>\$ 148,423</u>	<u>147,523</u>	<u>233,958</u>	<u>86,435</u>

See accompanying notes and accountants' compilation report.

## **NOTES TO FINANCIAL STATEMENTS**

**Rush Valley Town**  
**Notes to Financial Statements**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

The Town is a municipal corporation governed by an elected mayor and four member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the primary government. However, there are no component units required to be included in the Town's financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Town, however, has no proprietary or fiduciary funds.

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies - continued**

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies - continued**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town had no proprietary funds at June 30, 2006.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the Town, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**2. Receivables and payables**

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles.

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies - continued**

Property taxes are collected by the County Treasurer and remitted to the Town shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the Town monthly.

**3. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15
System infrastructure	30-40
Equipment	7-15
Vehicles	5

**4. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The Town has no long-term obligations.

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies - continued**

5. Fund equity/Net assets

Reserves represent those portions of fund equity not appropriable for expenditure or legally separated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 738,909
Accumulated depreciation	<u>(388,573)</u>
Total difference	<u><u>\$ 350,336</u></u>

Deferred revenue:

Long-term assets applicable to the Town's governmental activities are not available to pay for current expenditures and thus are deferred in government funds. The statement of net assets includes these as revenue:

Deferred revenue - property taxes	\$ 14,998
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**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 2 - Reconciliation of Government-wide and Fund Financial Statements - continued**

B. Explanation of differences between governmental fund operating statements and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 97,460
Depreciation expense	<u>(25,638)</u>
Net difference as reported	<u><u>\$ 71,822</u></u>

**Note 3 - Stewardship, Compliance, and Accountability**

**Budgetary information**

Budgets are prepared and adopted, in accordance with State law, by Rush Valley Town Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the Town Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control is the function level. Appropriations lapse at June 30.



**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 3 - Stewardship, Compliance, and Accountability - continued**

Utah State law states that expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution. As such the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 75% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the Town has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. The general fund exceeded the maximum by \$32,341.

Although the Town did not exceed total budget appropriations in the General Fund, they did exceed budget appropriations in one of its departments (legal level of budgetary control) due to expenditures made at the end of the fiscal year. Public Safety exceeded appropriations by \$24,084. This over expenditure was funded by under expenditures in other departments.

**Note 4 - Detailed Notes on all Funds**

**Deposits and investments**

The Town maintains cash accounts with local institutions and investment pools with the Utah Public Treasurers' Investment Fund, which is available for use by all funds.

Utah State law requires that Town funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

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**Note 4 - Detailed Notes on all Funds - continued**

As of June 30, 2006, the Town had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	\$ 115,895
State Treasurer's investment pool	<u>108,723</u>
	<u>\$ 224,618</u>

*Interest rate risk.* The Town manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

*Credit risk.* As of June 30, 2006, the Utah Public Treasurer's Investment Fund was unrated.

*Concentration of credit risk.* The Town's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

*Custodial credit risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$5,831 of the \$15,895 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk - Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. The Town's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2006, are as follows:

Cash on deposit	\$ 113,675
Utah State Treasurer's Investment pool account	<u>108,723</u>
	<u>\$ 222,398</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	<u>\$ 222,398</u>
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**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

**Note 4 - Detailed Notes on all Funds - continued**

**Receivables**

Receivables as of year end for the government's general fund is as follows:

	<u>Governmental Activities</u>
Property tax	\$ 364
Sales tax	3,707
B & C road revenue	7,876
Deferred property tax revenue	14,998
	<u>\$ 26,945</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**Capital assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

<b>Primary Government</b>	<b>Beginning</b>			<b>Ending</b>
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 73,400	-	-	73,400
Construction in progress	-	31,888	-	31,888
<b>Total capital assets not being depreciated</b>	<b>73,400</b>	<b>31,888</b>	<b>-</b>	<b>105,288</b>
Capital assets being depreciated:				
Buildings	348,156	-	-	348,156
Improvements	93,633	7,275	-	100,908
Machinery and equipment	126,260	58,297	-	184,557
<b>Total capital assets being depreciated</b>	<b>568,049</b>	<b>65,572</b>	<b>-</b>	<b>633,621</b>

**Rush Valley Town**  
**Notes to Financial Statements-Continued**  
**June 30, 2006**

**Note 4 - Detailed Notes on all Funds - continued**

**Capital assets - continued**

Less accumulated depreciation for:

<b>Buildings</b>	263,156	5,000	-	268,156
<b>Improvements</b>	16,535	6,388	-	22,923
<b>Machinery and equipment</b>	83,244	14,250	-	97,494
	<hr/>			
<b>Total accumulated depreciation</b>	362,935	25,638	-	388,573
	<hr/>			
<b>Total capital assets, being depreciated, net</b>	205,114	39,934	-	245,048
	<hr/>			
<b>Governmental activities capital assets, net</b>	\$ 278,514	71,822	-	350,336
	<hr/>			

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities**

General government	\$ 10,874
Public safety	7,903
Highways and streets	6,178
Parks and recreation	683
	<hr/>
Total depreciation expense	\$ 25,638
	<hr/>

**Note 5 - Other Information**

**Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.